EXHIBIT 116

Controlled Substance Ordering

Evolution of Controlled Substance Ordering Process

WAGMDL00667938

Background

1. Automated Controlled Substance Reporting (CSR) has been in place at Walgreens since August 2009.

2. Scope of items includes all controlled substances and PSE

3. Excessive orders were automatically reduced beginning in September 2010.

4. The technology has evolved through multiple iterations with Phase 5 scheduled for deployment in November 2012

> This document describes the evolution of the CSR system and how it will function with the deployment of Phase 5
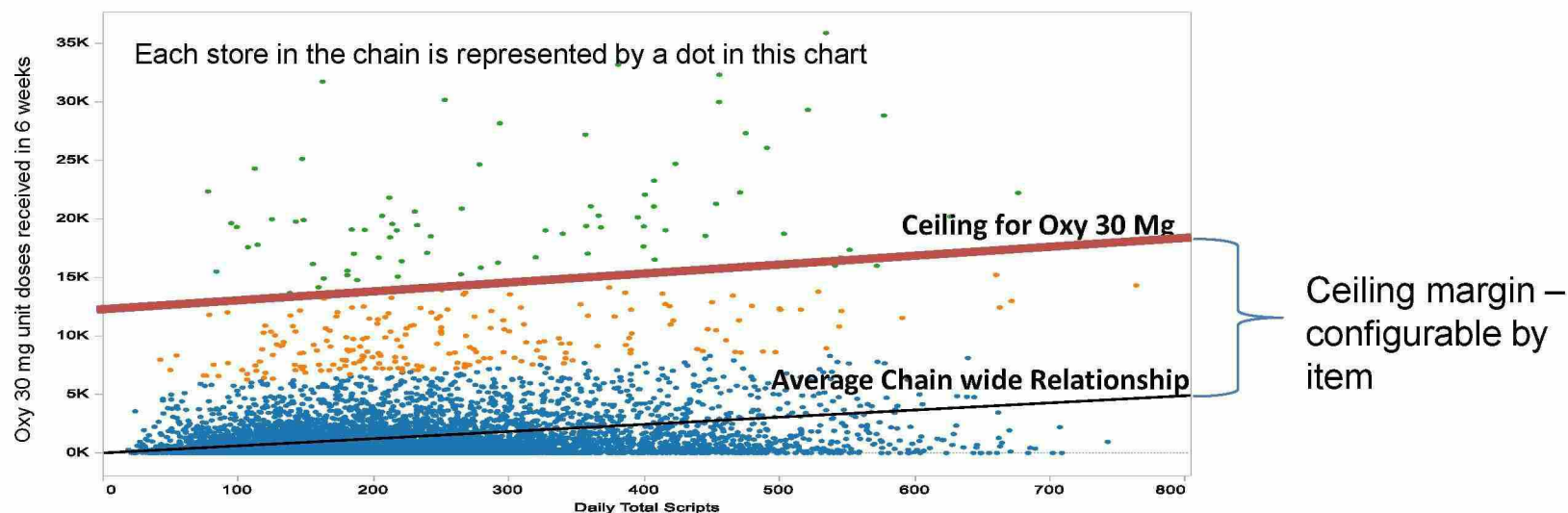
Review of CSR History

The CSR process has evolved through five phases since its inception in 2009. Each phase has expanded and improved the system's ability to identify and reduce excessive orders.

Phase	Key Points – Scope	Key Points – Identify/Flag selected orders	Key Points – Reduce order quantity for subset of flagged orders
1	• Deployed in August 2009 • Reviews WAG DC orders only • Review all Controlled Drug and PSE orders	• **Flags order based on by drug by store historical sales patterns, i.e. Tolerance threshold or order Frequency**	• No order reductions in Phase 1
2	• Deployed in September 2010 • No change to scope	• No change to Order Identification logic	• **Automatic reductions to orders that exceed Tolerance threshold**
3	• Deployed in June 2012 • **Relates vendor orders placed within 48 hours for same drug**	• Review and refinement of Tolerance/Frequency thresholds.	• No change in automatic order reduction logic
4	• Deployed in August 2012 • **Incorporates all Vendor orders and partial fills making them eligible for flagging and order reduction.**	• No change to Order Identification logic	• No change in automatic order reduction logic
5	• Deployed in November 2012 • Adds a Ceiling which limits the cumulative receipts of an item by a store	• Additional flags created for orders that are in excess of Ceiling for item/store combination • Remove Frequency threshold	• **Automatic reductions to orders that exceed either Tolerance or Ceiling threshold**

Phase 5 Functionality – Ceiling Calculation

Individual Ceilings for every item are derived from the chain wide relationship between
a) Total Store Daily Rx Volume and b) Store Unit Doses Received in the Past 6 Weeks

User configured system parameters to calculate Ceiling values:

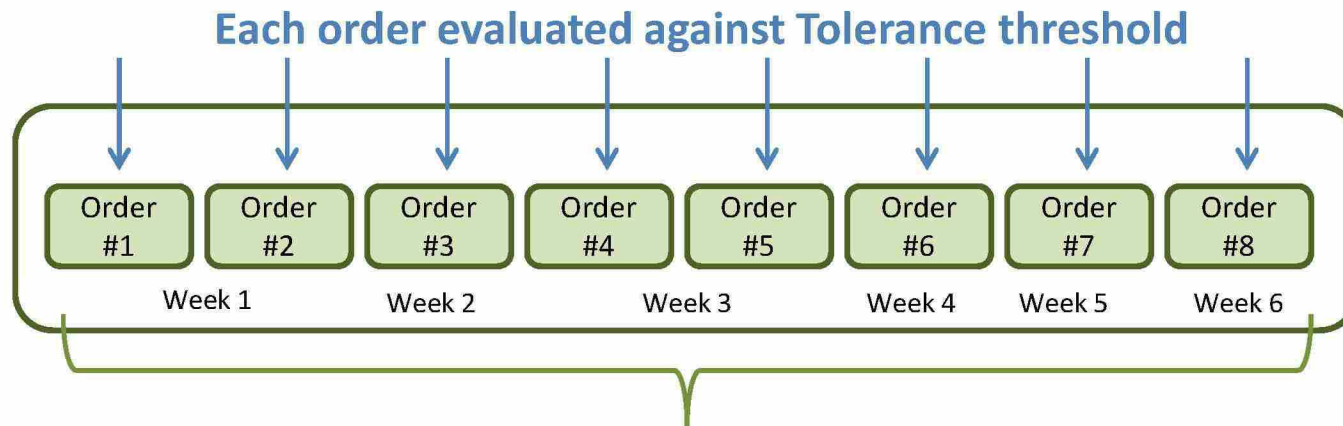| Parameter Description	Initial values	Notes
Historical Timeframe to Calculate Ceiling	6 weeks	Shorter period increases volatility
Timeframe for Accumulation of Orders to Measure Against Ceiling	Rolling 6 weeks	Accumulates receipts for 42 days prior to current order date
Timeframe to Recalculate Ceilings	Daily recalibration	Most accurate information available
Which Drugs to Include	All Controlled substances and PSE	Additional items can be added by user
Margins used in Ceiling determination	Varies across items	Margins evaluated regularly to determine effectiveness
Warning Level % for Stores	First warning at 75% of Ceiling	Goal is proactive communications to stores before they reach ceiling

Phase 5 Functionality – Tolerance vs. Ceiling

The logic deployed in Phase 5 will now analyze every order from two dimensions, Tolerance and Ceiling. Orders are reduced to whichever dimension yields the lowest value and both can apply at all times.

Tolerance:
- ✓ Monitor a store's individual order activity by drug and look for abnormal activity based on historical ordering patterns
- ✓ Applied order by order, rather than accumulation over time
- ✓ Incorporates receipts only
- ✓ Patterns based on 26 weeks of ordering history
- ✓ Factors in store inventory adjustments that may manipulate on-hands and order generation
- ✓ Includes all controlled drugs and PSE

Each order evaluated against Tolerance threshold

Order #1	Order #2	Order #3	Order #4	Order #5	Order #6	Order #7	Order #8
Week 1	Week 2		Week 3		Week 4	Week 5	Week 6

Each order evaluated against cumulative Ceiling threshold
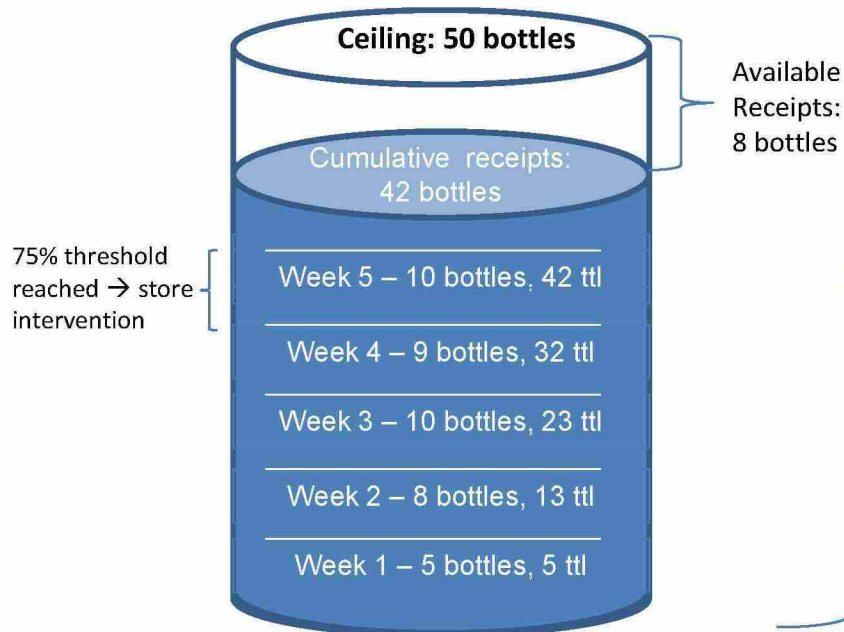
Ceiling:
- ✓ Objective is to provide an ultimate boundary beyond which a store can not order additional quantities, regardless of individual store performance
- ✓ Calculation considers a span of time rather than a single order – in example above, rolling 6 weeks of orders are accumulated
- ✓ Derived from relationship of store total script count and receipts of the specific item over the past 6 weeks – creates peer comparisons
- ✓ Includes all controlled drugs & PSE

Phase 5 Functionality – Tolerance vs. Ceiling

The logic deployed in Phase 5 will now analyze every order from two dimensions, Tolerance and Ceiling. Orders are reduced to whichever dimension yields the lowest value.

Dimension	Question answered	Example
Tolerance	Is the number of bottles ordered excessive relative to this store's average historical order size?	For the past 26 weeks a store has consistently ordered 5-10 bottles on every order, but the current order is for 15 bottles. This order will be flagged for exceeding Tolerance and reduced to 12 bottles.
Ceiling	Is this order excessive based upon this store's total cumulative receipts of this item over the past 6 weeks as compared to peers of similar script volume?	A store has a Ceiling of 50 bottles, over the past 5 weeks has received 42 bottles and the current order is for 15 bottles. This order will be flagged for exceeding Ceiling and reduced to 8 bottles.

Store #XXXX, OXYCODONE HCL TAB 30 MG

Ceiling: 50 bottles

Cumulative receipts: 42 bottles

Available Receipts: 8 bottles

75% threshold reached → store intervention

Week 5 – 10 bottles, 42 ttl

Week 4 – 9 bottles, 32 ttl

Week 3 – 10 bottles, 23 ttl

Week 2 – 8 bottles, 13 ttl

Week 1 – 5 bottles, 5 ttl

Combining Tolerance and Ceiling in this scenario

1. Tolerance – Based on last 26 weeks of ordering history for that store, any order size deemed abnormally large relative to historical pattern will be flagged and reduced. In this example the Tolerance is calculated to be 12 bottles.

2. Ceiling – based on stores with similar overall Rx volume, the 6 week Ceiling is 50 bottles. Any order that would cause the 6 week cumulative receipts to exceed 50 bottles will be reduced. In this example the Ceiling is calculated to be 8 bottles (50 – 42).

3. The actual order released will be limited to the smaller of the Ceiling and Tolerance limits. In this example the actual order will be reduced to 8 bottles, the smaller of 12 (Tolerance) and 8 (Ceiling).